

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF VALLEY GAS, INC.)	
FOR AN ADJUSTMENT OF RATES PURSUANT)	
TO THE ALTERNATIVE RATE FILING)	CASE NO. 92-407
PROCEDURE FOR SMALL UTILITIES)	

O R D E R

On November 16, 1992, Valley Gas, Inc. ("Valley"), filed an application requesting approval of a rate increase. Valley requested a deviation from the requirements of 807 KAR 5:076 and was granted a deviation to use the Alternative Rate Filing ("ARF") procedure for small utilities. The requested rates would increase the Mcf rate to \$6.50, and the customer charge to \$4.00.

On November 2, 1992, Valley filed a Motion for Interim Emergency Rates. In its motion, Valley stated that if the rates are suspended for several months, the company will not realize any significant revenue from the rate adjustment until the 1993 heating season. Valley also states that the delay in collecting additional revenue will have a material effect on the company's operations. Valley did not file any financial exhibits to support its motion for interim rate relief.

The Commission's past practice has been to expedite the processing of cases filed under the ARF regulations. These cases are normally completed within approximately 90 days, if the company's records and application are complete and if an effective date for rates is not proposed. KRS 278.190 provides that the

Commission may increase rates, after a hearing, if it finds that the company's credit or operations will be materially impaired or damaged by the failure to permit said rates to become effective. For this motion to be considered, Valley must demonstrate the need for the interim rate relief. If Valley intends to pursue this action, it should file the information listed in Appendix A to this Order no later than December 30, 1992.

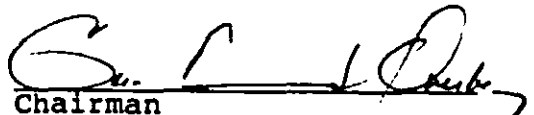
IT IS THEREFORE ORDERED that:

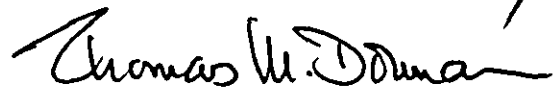
1. Valley shall file the information requested in Appendix A on or before December 30, 1992.

2. Valley shall appear at a formal hearing scheduled for January 4, 1993 at 9:30 a.m., Eastern Standard Time, in Hearing Room 1 of the Commission's offices at 730 Schenkel Lane, Frankfort, Kentucky.

Done at Frankfort, Kentucky, this 17th day of December, 1992.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 92-407 DATED December 17, 1992.

1. Valley shall provide:
 - a. Prefiled testimony supporting the need for interim rates. Said testimony should include a discussion of any non-discretionary expenditures which have necessitated the interim rate request as well as testimony addressing any and all cost savings and productivity measures instituted by the applicant in response to these increased expenditures. Include details of any extraordinary items occurring during the base period which affect revenue and/or expense used to support the need for interim relief.
 - b. Verifiable proof that such non-discretionary expenditures have been or will be incurred.
 - c. A monthly cash flow analysis showing the effects of (a) and (b) above for each month prior to the expected final order in this case.
 - d. Proposed rates to recover the additional revenue required, developed in accordance with the most recently approved rate design structure.